



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

August 23, 2005

Mr. Page van Loben Sels
Earth Energy Resources, Inc.
One Beechwood Drive
Oakland, California 94618

Subject: Complete Notice of Intention to Commence Small Mining Operations; Earth Energy Resources, Inc.; Leonard Murphy #1 Mine; S/019/059; Grand County; Utah

Dear Mr. van Loben Sels:

The Division has reviewed your Notice of Intention to Conduct Exploration for the referenced project received May 23, 2005, and finds it to be complete. We are prepared to issue final approval when we receive your reclamation surety in the amount of \$32,100 and a reclamation contract.

The reclamation surety can be submitted in one of several forms, including a certificate of deposit, a letter of credit, and a surety bond. Please contact Beth Ericksen at 801-538-5318 for further information regarding the surety. We have enclosed a reclamation contract for your use. Please send/fax a "draft" copy of the contract for our review before it is signed.

In addition, you must adhere to the requirements of the Division of Water Quality. As we discussed with Lyle Stott, the mine will process the smallest amount of tar sand that can be run through your equipment. The waste sand will then be placed on a liner and a sample taken and analyzed using a synthetic leach test. Results will be forwarded to Water Quality who will then decide whether additional permitting is needed.

If you have questions or concerns regarding this letter, please contact Paul Baker at 538-5261. We look forward to receiving your surety bond and completed reclamation contract.

Sincerely,

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:PBB:jb

Enclosure: Reclamation Contract form

cc: Will Stokes, SITLA

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